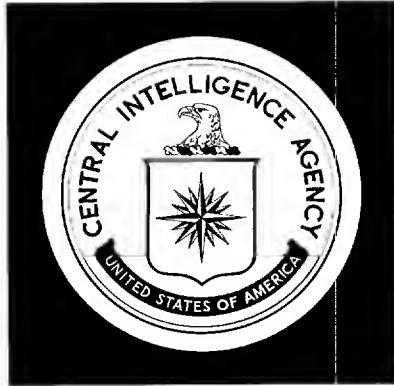


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INDIA: The government may be considering establishing full diplomatic relations with North Vietnam.

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[redacted]
an announcement raising the Indian consulate-general in Hanoi to an embassy will be made "within a few days."

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[redacted] two years ago [redacted]
New Delhi had decided in principle to raise the level of its representation in North Vietnam in order to counter big-power, particularly Chinese, influence there and to encourage North Vietnamese ambitions to follow an independent course in international relations. It was decided, however, to move only when the "situation was ripe."

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Several recent reports have indicated that Prime Minister Gandhi is casting about for ways to show her displeasure with the US position during the Indo-Pakistani war. She may also hope that recognition of Hanoi might prompt socialist countries to recognize the Bengali regime in Dacca.

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USSR: The Soviet press has launched an intensive campaign to publicize the development of a nation-wide network of computer centers to facilitate economic planning and administration.

A decree in March 1966 first announced that a national computer network designed to collect and process economic information would be started during 1966-70. Progress on the new system was slow, however, and a comprehensive plan to implement it was never developed.

Incorporation into the new five-year plan for 1971-75 has given this idea new impetus. The current plan envisages the creation of more than 1,600 "automated systems of planning and management" by 1975 as a step toward a nation-wide system to be realized "in the future." A national conference will be convened in Moscow early in 1972 to discuss the experiences already gained and to make plans for further implementation of the network.

Some Soviet scientists hold an almost mystical belief that such a system could be the salvation of centralized planning in a complex modern economy, while also accelerating economic growth. V. Glushkov, one of the foremost Soviet computer experts, even claimed in a recent Izvestia article that computerized planning could double the economy's growth rate.

Despite the general optimism and fanfare, a host of problems remains that will push the realization of this dream far into the future. The Soviets have not yet begun the large-scale production of third-generation computers, the basic unit of the system, and are only slowly developing other necessary hardware. The Soviets have admitted serious lags in their software capabilities and in training systems analysts and programmers. In addition, much of the basic work to standardize the network, such

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as the creation of a union-wide system for coding information, has not been completed. The vast network of transmission facilities required to link all the computer system's components does not even exist. Finally, responsibility for implementing the network currently is distributed among a number of ministries and state committees, making coordination and standardization difficult.

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ARGENTINA: President Lanusse has announced a general wage increase and the suspension of collective bargaining.

The new incomes policy, which the government hopes will maintain real wages while controlling inflation, was announced in Lanusse's year-end speech. He concentrated on government domestic political successes and failures in 1971 and made a relatively optimistic forecast for 1972. The wage increases for both the private and public sector are an across-the-board 15 percent effective on 1 January and an additional ten percent beginning on 1 July.

The government's programs have provoked some criticism from organized labor, but January is the middle of the summer vacation season in Argentina and no serious opposition to Lanusse's wage policy is expected now. The situation could change, however, if Argentina's already high inflation rate continues to increase, nullifying the wage hike. Inflation reached nearly 40 percent in 1971, and there is no indication that the problem has been solved.

The coming of the new year in Buenos Aires also brought the first change in the nation's top leadership since President Levingston was ousted last March. Admiral Carlos Coda was sworn in as navy commander in chief on 3 January and will join the army and air force commanders, Generals Lanusse and Rey, on the three-man ruling junta headed by Lanusse. Admiral Coda, most recently the naval attaché in Great Britain, replaced Admiral Gnavi, who agreed to step down following the shake-up in the navy hierarchy last October when a small group of senior officers charged him with malfeasance in office. Coda appears to be in full agreement with Lanusse's policy of moving toward national elections.

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C LAOS: There has been little enemy-initiated action in the Long Tieng area for the past 48 hours. To the west, Pathet Lao and dissident Neutralist forces on 3 January overran a government outpost some ten miles east of Sala Phou Khoun, at the junction of Routes 7 and 13. There is no evidence that main-force North Vietnamese combat units have moved westward along Route 7, however. Two more of the government's 105-mm. howitzers were abandoned in this engagement, bringing the total of artillery losses in north and south Laos to 28 since mid-December.

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LEBANON-FEDAYEEN: The government is reacting strongly to a recent shoot-out in Beirut in which fedayeen killed two Lebanese policemen. Both President Franjiyah and Prime Minister Salam have declared that all those involved must be apprehended and tried immediately. The gunfight occurred when armed fedayeen attempted to free a companion arrested for firing his automatic weapon on New Year's Eve. Fedayeen reaction has been mixed. Fatah's newspaper claims the incident was instigated by the police, but the Palestine Liberation Organization said it was caused by undisciplined individuals. With anti-fedayeen emotion in Lebanon, particularly in the south, running high, the government could use the incident to impose even tighter controls on the whole fedayeen movement.

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HONDURAS: The congress has moved quickly to quiet private sector protests against legislation enacted on 22 December, which had partially reinstated duties on imports exempted under the 1971 Industrial Incentives Law. A new bill has been passed allowing most of these incentives to remain in force for three years, followed by a period of progressive reduction of exemptions. The earlier legislation was designed to reduce the projected 1972 budget deficit of \$37 million without raising taxes as was proposed by the administration. By raising costs of imported raw materials, most of which are used in manufacturing products for exports, however, it would have reduced the ability of Honduran industry to compete in export markets. It also would have increased pressure on the country's very low foreign reserves. In its latest action, the congress has side-stepped for the time being consideration of the administration's serious fiscal problems.

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